

philippine studies

Ateneo de Manila University • Loyola Heights, Quezon City • 1108 Philippines

Philippine Land Reform Cycles: Perpetuating U.S. Colonial Policy

Aurora L. Almeda Martin

Philippine Studies vol. 47, no. 2 (1999) 181–205

Copyright © Ateneo de Manila University

Philippine Studies is published by the Ateneo de Manila University. Contents may not be copied or sent via email or other means to multiple sites and posted to a listserv without the copyright holder's written permission. Users may download and print articles for individual, noncommercial use only. However, unless prior permission has been obtained, you may not download an entire issue of a journal, or download multiple copies of articles.

Please contact the publisher for any further use of this work at philstudies@admu.edu.ph.

<http://www.philippinestudies.net>

Philippine Land Reform Cycles: Perpetuating U.S. Colonial Policy

Aurora L. Almeda Martin



In the Philippines, political stability and economic development is often tied to the issue of land reform. This is because the Philippines is a predominantly agrarian country that continually faces the challenge of not only increasing agricultural productivity for national economic growth, but also the difficulty of balancing powerful landowners' influence with the potentially violent demands of farm laborers. Philippine history reveals the ever-present complexity of the issue, with numerous critiques positing various explanations for the inadequacy of land reform. These critiques include social, political, and economic theories. Central to each theory is the extent to which land reform addresses the welfare and productivity of the Filipino farmer. Since gaining independence in 1946, the Philippines has implemented four major land reform programs intended to improve the conditions of agricultural workers by restructuring the arrangement of rural property rights. Despite such efforts, Philippine land reform remains marred by slow and inconsistent implementation, landowner evasion, rural discontent, and a stagnant agricultural sector.

This article examines the continued failure of Philippine land reform efforts by focusing on the impact of US colonial land reform policy on post-colonial land reform programs. The discussion focuses on how US colonial land reform policy employed dual principles of general entitlements for peasants and heightened due process for landowners. These principles remain evident in modern Philippine land reform programs. However, because successful land reform depends upon efficient redistribution of property rights, the dual policy inherently undermines implementation efforts. This article concludes that the periodic enactment of new land reform laws, has been, and will continue to be ineffective as long as US colonial land reform policy serves as the paradigm for Philippine land reform strategies.

Pressures for Land Reform in the Philippines

The Philippines is a predominantly agrarian society, and as such, the issue of land ownership and the subsequent rights to till and reap the profits from agricultural land are fundamental to the social, political, and economic status of the rural Filipino. No doubt, the issue of land reform in the Philippines is complex with its roots dating back to Spanish colonial times (Agoncillo and Guerrero 1973).

Today, the pressures for land reform remain of national significance since the rural population is nearly two-thirds of the country's total.¹ The agricultural sector has dynamic potential is the country's labor reserve, primary supplier of food, a large market for non-agricultural products, and a major source of trade income. Although agriculture employs nearly half of the total labor force (45.2 percent), its output is only one quarter of the gross domestic product, roughly equal to that of the industrial sector that employs 16.1 percent of the total labor force. The discrepancy between employment and output suggests great inefficiency in agricultural production.

The majority of those living in the countryside rely on agriculture for their livelihood. In 1988, average annual income for rural workers was 28,284 pesos compared to their urban counterparts who earned 79,314 pesos (1991 Philippine Statistical Yearbook). This income disparity corresponds with the incidence of poverty, in which nearly three-fourths of the country's poor live in rural areas. Of those rural poor, 73 percent live below the poverty line (Center for Research and Communication 1988, 516).

Rural discontent in the form of armed peasant movements and paramilitary groups underscore the pressures for land reform. Major peasant rebellions dating back to Spanish colonialism recur throughout Philippine history.² To date, successive Philippine governments, including the Marcos regime, have struggled with containing numerous peasant organizations. One of the most well-known of these, the National Democratic Front (NDF), continually put agrarian reform as a major issue during peace talks with the government (Garcia and Hernandez 1989). Indeed, both the Aquino administration and President Fidel V. Ramos engaged in extensive peace talks and cease-fire agreements with the New People's Army, the military arm of the NDF. In 1992, President Ramos resumed negotiations and signed "The Hague Declaration" with the NDF, calling for socio-economic reforms and ongoing goodwill and confidence building measures.³

The Purpose of Land Reform

Much of the literature on economic development describes the agricultural sector as pivotal to the growth and transformation of an economy.⁴ As a key sector earning foreign exchange in the early stages of economic growth, the strength or weakness of agriculture is often the enabling or disabling factor for initial growth and diversification of an economy. Land reform may be defined as the reorganization of land holding arrangements, in terms of tenureship and ownership. The purpose of reforming land tenure and ownership arrangements is to create an incentive system that will promote self-sufficiency among farmers, raise agricultural productivity, and indirectly contribute to political stability (Gillis 1992). Within the context of this article, property rights simply refer to the physical area cultivated and the productive potential of the given plot of land. The land's productive potential encompasses the actual output, and income derived from both the output and other investments put into the land.⁵

Although land holding arrangements are numerous and varied, the most problematic are the systems of plantation agriculture, tenancy, and absentee landlordism because of the skewed distribution of land in all three systems.⁶ Plantation agriculture uses hired labor for the production of cash crops. Where there is an abundance of rural laborers, landowners can easily dictate the duration of work and wages. Tenancy is a rental arrangement between a peasant family and landowner. Sharecropping is a form of tenancy where some portion of a peasant's produce is given to the land owner. Here too, the land owner may easily manipulate contracts by directly or indirectly raising rents. Land owners can directly increase rents by altering lease agreements. Indirectly, landowners can increase rents by bestowing favors (e.g., credit or loans) to farmers which then serves to accumulate a farmer's indebtedness to the land owner. Absentee landlordism refers to landowners who, except for the collection of rents, have very limited involvement in the operation of their land. In any of those landholding arrangements, the tiller and tenant farmer is insecure due to uncertainty in land tenure, low wages, high rents and limited autonomy.

In general, land reform may occur in one of four different ways: reform of rent contract, rent reduction, land transfers to the tiller (the former tenant) with compensation, and land to the tiller without compensation (496). The transfer of property rights creates a new incen-

tive structure, inducing land reform program beneficiaries to raise output due to increased (socio-economic) autonomy and the prospects of higher income. For Ranis, Stewart and Reyes, linkages include geographic, infrastructural, and productive connections between agriculture, industry and services. They write:

Linkages not only describe the connections between sectors which are a necessary aspect of economic growth and development—their nature and magnitude changing as development proceeds—but also that the extent and nature of these linkages materially affect the rate of growth of each sector individually and that of the economy as a whole. The strength and quality of this process of dynamic interaction, moreover, affects the regional pattern of development, the size and labor intensity of both agricultural and non-agricultural production and, through these mechanisms the distribution of income. The anticipated aggregate effects are that increased autonomy per worker will lead to more efficient agricultural production, and higher income (derived from increased output per input of labor) will increase the rural standard of living (Prosterman 1995). Land reform is thus a redistribution of rights over land and land use which can in turn, ultimately determine income and political empowerment.

In their joint study, "Linkages in Development: A Philippine Case Study," Gustav Ranis, Frances Stewart and Edna Reyes (1989, 3) explain how the nature of linkages between the agricultural and non-agricultural sectors determines the rate of growth and structure of an economy.⁷ Ranis, Stewart and Reyes pay specific attention to the spatial aspects of economic growth and inter-sectoral linkages, and also emphasize the importance of agriculture as both a transitional and sustainable sector of an economy. The actual proximity of economic growth and innovation. For instance, the proximity of agricultural villages with urban areas. The transfer of labor and savings from agriculture to industry is critical for the initial growth and diversification of the economy. The successful transition is also necessary to maintain the productive capacity of the agricultural sector as both a viable economic sector and supplier of domestic food over the long term (*ibid.*).

As agricultural productivity becomes more efficient, fewer agricultural workers are required so that excess labor is released to create a non-agricultural workforce. The national income derived from agricultural exports is used to re-invest into both agricultural development and industrialization. The resultant economic growth and diversification enables government to build and improve infrastruc-

ture, which serves to geographically link the agricultural sector with non-agricultural markets for capital, technological inputs and services. The two-way interaction between agriculture and non-agriculture can thus generate conditions which lead to high growth in both sectors.⁸ Ranis, Stewart and Reyes concluded that linkages between the agricultural and non-agricultural sectors in the Philippines are weak.

In the Philippines, the skewed distribution of income is directly related to the unequal distribution of land.⁹ One of the consequences is a pattern of market demand conditioned toward production of inappropriate goods (e.g., luxury items) which have to be imported or produced in a capital-intensive way in urban areas. Further, the pattern of national economic growth in the Philippines has been geographically and sectorally lopsided, where markets are actually enclave economies, employment opportunities (in terms of income and vocational training) are severely imbalanced, and infrastructure is limited to urban centers.¹⁰ Effective land reform is a mechanism which can link agricultural development with industrialization.

Alternative Explanations for Failed Land Reform

Reasons for the failure of modern land reform in the Philippines may be classified into three theories: colonial history, theories of the state, and market analysis.

The historical approach describes the evolution of the agricultural sector, and its organization and system of production as functions of the colonial experience under Spain and the United States (Center for Research and Communication 1986; Valdepeñas 1977; Zafra 1967). The logical framework of such explanations hypothesize that if historical circumstances are the aggregate determinants of land reform, then modern land reform in the Philippines is unlikely to succeed.

For example, in his book *Capitalism in Philippine Agriculture*, Rene E. Ofreneo argues that the economic transformation of the Philippine economy under American colonialism precluded any efforts towards land reform (Ofreneo 1980). In another historical account, "The Economics of Poverty, and the Poverty of Economics," Mariano Miranda, Jr. (1988) analyzes the failure of land reform by focusing on how the colonial experience under Spain and the US led to internationalization of the Philippine economy. It was colonization, Miranda argues, which developed a system of property and power relations in the

country which in turn bred the present income inequality and consequently, poverty (16). In this way, the political and economic history inevitably pre-determined the failure of modern land reform in the Philippines. Breaking out of the "colonial mode" is very difficult due to the neo-colonial influences which continue to obstruct endogenous Philippine development. For Miranda, Philippine land reform can only occur through effective assertion of national sovereignty (22).

The second group of theories explains that the failure of modern land reform in the Philippines is due to a weak state (Corpuz 1965; Wurfel 1988). Under this view, the power of government is measured according to immunity or vulnerability to political pressures. As such, a weak state is understood as neither committed to, nor capable of implementing an effective land reform program because the government is vulnerable to the influence of vested interests. One author reviewing the prospects of land reform under Corazon Aquino cautioned that "the fate of [the Comprehensive Agrarian Reform Program] depends largely on Congress whose predominant interest might conflict with the intentions of an expanded land reform program" (Cornista 1988, 310). Further, a comparative study of CARP and PD 27 suggests that despite substantial improvements in the scope and content of land reform programs, actual implementation depended upon the government's ability to overcome the political tug-of-war between pro-farmer and pro-landowner factions (Schwalbenberg 1989, 440).

The third group of explanations provides a market analysis of the failure of land reform in the Philippines. This argument frames the problem of land reform within the context of excessive government intervention, analyzing the supply and demand of political pressures for land reform as determinants of success or failure. The political market argument also implies that with minimal government assistance, landowners and peasants will arrive at an optimal land reform agreement; if government provides the right incentives, land owners will be induced to cooperate with the redistribution of land, and peasants will be induced to become more efficient producers.

In their book, *Toward An Alternative Land Reform Paradigm*, Yujiro Hayami, Ma. Agnes R. Quisumbing and Lourdes S. Adriano (1990, 163) argue for a simplification of land reform in the Philippines. Under this view, an optimal land reform program would address the existing conditions of the political market in the Philippines by limiting government discretion over land reform transactions. Under this view, the dual goals of land reform in the Philippines should be effi-

ciency and equity. To this end, land reform must be simple, transparent and uniform, minimize the regulations that create distortions in the resource allocation, and minimize government involvement in the implementation of reform (*ibid.*).

U.S. Colonial Land Reform

The Philippines continues to struggle with the issue of land reform. Critics charge inconsistent implementation, inadequate enforcement, legal loopholes, administrative foot-dragging, and lack of support resources as recurring factors that obstruct the land reform process. Each of the theories discussed above have examined key elements—colonialism, the role of government, incentive structures, political institutions—that describe the social, political, and economic dynamics of Philippine land reform. The following discussion merges elements of those theories in a policy analysis of post-colonial land reform programs. The focus is on the formation of a dual US colonial land reform policy, and the continuity of that strategy throughout modern land reform programs in the Philippines.

When the United States acquired the Philippines in 1898, it joined the ranks of European empires as a new colonial power. The rise to such international status, however, also gave way to new problems in the formulation of colonial policy (Cruz 1974). In this regard, land reform is arguably the most pertinent example of the dilemma that challenged US authorities:

One of the most important and serious questions which is to come before the United States Authorities in adjusting affairs in the Philippines, is that of the land. Opinions differ very materially as to the subject, and it will probably take not only action by Congress, but some litigation to fully settle the questions involved. That there are thousands of acres of most excellent land to be obtained for agricultural purposes is not questioned. That it can be easily obtained and at a fair rental is not feared, the underlying question is the real title (United States 1901, 37).

Clearly, the United States understood that land reform was critical to political stability and economic development of the islands. After all, the Philippine Revolution against Spain originated as a peasant movement. Agrarian unrest due to poverty and unequal distribution of land could not be ignored if colonial authority was to

be legitimately established. US colonial authorities further noted that in regards to basic education the average Filipino had never yet had a fair opportunity. At the same time, the colonial administration was also committed to protecting prior claims to property¹¹—in effect landowners' and commercial interests—in order to both facilitate a smooth economic transition and build from the commercial economy already in place, though rudimentary as it was.

The complex pressures for land reform caused US colonial policy to become over ambitious, attempting to balance both benevolent intentions and the desire to make the Philippines a profitable colony. Public land grants provided landless peasants an opportunity to become independent small-scale farmers. This entitlement to non-land-owning citizens aimed to stimulate the economy by using land ownership as an incentive, which would eventually balance the skewed class structure that seriously threatened political stability. On the other hand, colonial authorities were committed to preserving the existing structure of private property rights, and reassured land owners that private property rights would remain valid under the new colonial legal framework. These dual principles are evident in the Public Land Act (PLA) of 1902, legislated by the US Congress, the Friar Lands Act of 1903, and the Rice Share tenancy Act of 1933. All three land reform laws provided for land entitlements but also included substantial safeguards which protected claimants of prior property interests. Procedures such as land surveyance and notice requirements did not aid peasant beneficiaries, but instead facilitated a process whereby landowners and others of the educated and propertied class, such as merchants, could acquire more land and challenge peasant beneficiaries through legal contestations of homestead applications. As a result, land reform during the American colonial period failed because potential beneficiaries were not able to successfully secure land entitlements against landowners who effectively utilized land reform laws' procedures not only to prevent expropriation of their land, but also to increase their landholdings.

Hence, the question of the "real title" over agricultural land was centrally important because when Spain ceded the Philippines to the United States, farmland was only partially privatized and commercial agricultural production had just begun. Moreover, the United States assumed title to a majority of arable land because at that time, two-thirds of all arable land in the islands were classified as public property (38).

As such, the vast domain of public agricultural land caused US authorities to focus on partitioning government farmland. Two types of agricultural systems were specifically considered: a plantation system owned and managed by private individuals or large corporations with Chinese contract laborers, like that of Java and Sumatra; and homestead development, which was associated with small farms, and patterned after the settlement of the United States' western territories (United States 1908, 5-7). Preliminary recommendations by colonial authorities emphasized the desire to encourage American settlement and foreign immigration to the Philippines as a way of boosting agricultural development: "It would seem therefore that in order to build up agriculture in the islands it will be necessary to encourage a good class of immigrants. Just as our States of the West were built up, so these islands must be" (4). Moreover, it was also believed that immigration of Chinese laborers and enterprising European agriculturists could stimulate agricultural development. Alonzo H. Stewart, representative of the US Department of Agriculture, conducted field observations and interviews to compare local support and commercial productive potential of both systems. Stewart's survey revealed varied support for both small-scale farming and plantation agriculture. One report describes:

Conversations with the leading Filipinos of the dominating class and with Filipinos engaged in the tobacco and sugar trade developed the fact that those men are in favor of the plantation system.

The Filipino leaders object, however, to the importation of Chinese contract labor, while the Europeans insist that such is a necessity if the plantations are to be successful. The small-farm idea is supported by the merchants of the smaller towns. As a result of my trip through the islands and talks with the leading white and Chinese merchants of the smaller towns and barrios, I found that the policy of encouragement of individual ownership of land, as against corporations, is almost universally favored. There is scarcely an intelligent native or white man who would not welcome the incoming of any race of people who would go upon and cultivate the land as landowners, and not as tenant laborers. Nearly all of these who favored large ownership of land, either by corporations or individuals, were themselves large landowners and held their laborers in almost a state of peonage. (5)

The idea of agricultural development through homestead settlements formed the basis for a land entitlements policy. Stewart concluded that it was in the United States' best interest to encourage

homestead development of small scale farming (*ibid.*). This independent method of agricultural production was more efficient and profitable per acre than the plantation system.¹² Since sugar cane could easily be grown most anywhere in the Philippines, it was conceivable that small scale farming of sugar would be a successful national strategy for agricultural development (*ibid.*). Moreover, a small family farm was able to produce not only the cash crop for income, but enough food for household consumption.¹³ Even those who owned large sugar haciendas agreed that smaller holdings of 300-500 hectares of land were more productive and profitable ventures, and further suggested limits on ownership by arguing that 3,000 hectares was more than any one company or individual should be allowed to have from the government (40).

Nevertheless, although homestead development of small scale farming appeared to be the preferred system, plantations could probably be sustained since they were already commercial operations. It was also believed that immigration of Chinese laborers and technological improvements would be introduced to make plantations more commercially viable (*ibid.*). Thus, it was implicitly decided that under US land reform policy, landless farmers would have the opportunity to become homesteaders and landowners would have the opportunity to expand and improve their plantations.

Implementation of US Colonial Land Reform Policy

The Public Land Act (PLA) established land entitlements through homestead settlement of public agricultural land.¹⁴ To qualify as a homestead beneficiary, a person had to be at least twenty-one years of age or the head of a household, and might not already have been in possession of more than sixteen hectares of land (Public Land Act 1902). The potential group of beneficiaries, however, was not limited to peasants, but included any citizen of the Philippines, United States or its insular possessions (United States 1907, 781-85). The PLA provided for homestead settlement of up to sixteen hectares of land, and required cultivation of the homestead for a period of at least five years before title to the land would pass from government to homestead beneficiary. The PLA also provided for leases of government land for commercial plantations, typically twenty-five years with the option for periodic renewal (*ibid.*).

Under the PLA, anyone at least twenty-one years of age and who did not legally hold title to sixteen hectares of land was qualified to homestead. Given the large and diverse pool of potential beneficiaries, this meant that landless peasants competed with members of the landed elite, merchants, and immigrants for land entitlements. Moreover, for the average peasant, the five year requirement of continuous presence and cultivation imposed additional costs and uncertainty to the security of land ownership. The opening of public lands to large scale agribusiness encouraged plantation farming, which initial reports deemed as an inferior agricultural system to small farms.

Legal entry into a homestead occurred in three phases: inquiry, application, and petition for registry. The inquiry phase entailed locating public lands available for homesteading. The area of land was to be rectangular in shape and on legally subdivided, surveyed land. If the land was not yet surveyed, the homestead applicant was to make independent queries regarding the status of the land so that upon submittal of his or her application, the Bureau of Public Lands would carry out the official survey. Statistical records regarding the distribution and use of public lands were kept under Spanish colonial rule, and the American colonial government was itself (initially) limited in bureaucratic capacity, recording independent inquiries was a way of building the new government's statistical database (*ibid.*). To do this, the individual was required to: "make inquiries, as to the ownership of any particular tract desired, of persons living in the vicinity thereof, and to consult the property register and record tax returns, in the capital province in which the land is located for evidence of land ownership" (787).

The application process entailed a filing fee of ten pesos, a written petition describing the proposed homestead in size, area, and type; statement under oath of a public land officer; an official survey and verification of the land as a valid homestead; a notice to the public about the proposed homestead (*ibid.*). The announcement was to state the claimant's "intention to make such proof, stating therein the time and place, and giving a description of the land and the names of the witnesses by whom it is expected that the necessary facts will be established (786). The purpose of public announcements was to make sure no prior claims of occupation or ownership of the proposed homestead existed (*ibid.*). Disputes regarding homestead entries were adjudicated by the Bureau of Public Lands. A counter claimant could prevail upon a showing that a homestead

applicant was not qualified or was in non-compliance with the law as to residence and cultivation.¹⁵ If there was no legitimate opposition to the settlement, the homestead entry was authorized. Before passing formal land title to a homesteader, the individual was supposed to reside and cultivate the land for a period of five years; if the individual was absent from the land for a period of six months, the homestead was legally proclaimed abandoned (*ibid.*). The homestead was final once an applicant paid a fee of ten pesos and submitted proof of his full compliance with the homestead law to a local land officer or the Bureau of Public Lands.¹⁶

The PLA, in effect, provided general entitlements to land but required prospective beneficiaries to undergo a lengthy process of application, land surveying, notice, potential litigation, and a five year waiting period, before acquiring title to the land. The costly process of land registration, filing affidavits, allowing open contestations to homestead claims, and requiring the presentation of numerous pieces of evidence to prove one's legitimacy complicated the land reform exchange. Describing the confusing situation for Filipino peasants, Leslie Bauzon (1965, 13) writes "these very innovations militated against the ordinary tenant farmers. . . . Court litigations involved money, and tenant farmers whose income averaged fifteen centavos a day could hardly be expected to pursue a case in court and see it prosper."

The PLA also opened public lands to leasehold arrangements.¹⁷ This provision was specifically geared towards the development of agribusiness. Individuals and corporations were permitted to lease a maximum of 1,024 hectares of public land for up to twenty-five years, renewable a second time; and the proposed area of land was to be made of contiguous legal subdivisions.

Obtaining a commercial lease entailed query and notice procedures similar to homesteading but a key difference was that a prospective lessee had ample leverage on the issue of potential conflicts with prior claimants.¹⁸ The PLA provided that "no lease shall be permitted to interfere with any prior claim by settlement or occupation until the consent of the occupant or settler is first had and obtained, or until such claim shall be legally extinguished" (PLA 1902, 781). The per hectare and annual fees for leasing public lands were set by the Chief Bureau of Public Lands, and required that the lessee make yearly payments in advance. The PLA did not provide any guidance as to the procedures for negotiations and legal termination of prior claims.

In an attempt to defuse agrarian unrest, the Friar Lands Act (FLA) provided for the government purchase of 166,000 hectares of agricultural land owned by the Catholic Church, at a price of \$7.2 million. Although not as comprehensive as the PLA, the FLA aimed to specifically break-up the landed estates which were specific remnants of Spanish colonial rule, and redistribute the land to tenant farmers. Under this land reform law, there were roughly 60,000 tenant beneficiaries. Beneficiaries were required to pay the purchase price of the land plus interest. As a result, most tenant farmers were unable to participate as beneficiaries, so that over half of the area acquired passed directly by sale or lease to American or Filipino businessmen. In fact, most tenant beneficiaries eventually lost their land to money lenders because they lacked access to credit and agricultural support services (Riedinger 1995, 87; Roth 1977).

The FLA demonstrates the contradiction of US colonial land reform policy in the sale and redistribution of friar estates. Similar to the PLA, tenant farmers competed with land owners and business interests in the redistribution of friar lands. The FLA offered tenant farmers an entitlement to the land they had been tilling since the Spanish colonial period. However, most tenant beneficiaries were unable to take advantage of the opportunity because of the purchase and maintenance costs. On the other hand, the FLA also provided landowners and other business interests an opportunity to increase their land holdings and thereby perpetuate the pattern of plantation agriculture.

Ten years after the PLA, Philippine agriculture was still underproducing and reliant on food imports. Professor C.V. Piper of the US Department of Agriculture conducted field observations and found that there was little technological improvement, and that land reform had made little impact. He reported that the production of sugar "was still manufactured with small and crude mills, the output being a cheap, brown sugar containing much molasses. . . . Owing to the crudeness of the mills only about one-half of the juice is obtained from the cane" (United States 1912). Further of the forty million acres of arable land in the islands, only three million was being cultivated.

We have brought about a rather anomalous condition in our work here thus far; namely, a relatively high type of government, including education, public works, etc., but associated with a very low indus-

trial development. . . . I do not see how there can be any question that the great present need of these islands over and above what we have already done is to make them industrially prosperous, and that means primarily agriculture.

I see little hope of any rapid improvement in Philippine agriculture unless we adopt a policy that will make them prosperous. I doubt if they are any better off in this respect than under Spanish rule. Under the delusion that we are proving to the world that our motives are purely altruistic, we are virtually forbidding American enterprise to develop the richest islands in the world. I am convinced that this is a great mistake, not only because it is an effeminate, un-American policy, but because it is keeping material prosperity from the Filipinos which it is our duty to promote quite as much as their educational and political welfare. To teach the Filipino American ideals, the American business man and planter is needed. . . . The old business houses in the Philippines use methods of dealing with the natives that almost makes piracy respectable in comparison. Before American capital will be attracted to the Philippines, we shall have to announce a definite future policy. Our present uncertain policy is not credible. (Ibid.)

US colonial land reform policy had proven ineffective, despite the passage of two major land reform laws that purported to create a new class of independent and presumably more efficient small-scale farmers. Under both the PLA and FLA, the emphasis was on providing general land entitlements and categorical exemptions of, and legal protection of private estates. As Professor Piper's report foreshadowed, the dual principles of general land entitlements and due process for land owners' property rights, however, were irreconcilable so that, consequently, the process of redistributing was riddled with complex processes for peasant beneficiaries, and legal loopholes for landowners. Not only did the PLA and FLA fail to create a pattern of self-sufficient small farmers, but Philippine agriculture as a whole could neither produce enough rice for export nor for the country's own domestic consumption. In 1915, the first issue of *The Philippine Farmer* was published as a campaign effort for increasing food production.¹⁹

The Rice Share Tenancy Act of 1933 (RSTA) further illustrates the continued duality of US colonial land reform policy and the emphasis on heightened due process for land owners. Rather than focusing on redistribution of land, the RSTA aimed to regulate the landlord-tenant relationship. The law required that share contracts

be written in the vernacular language, provided for 50-50 share crop arrangements, set an interest ceiling of ten per cent per annum on loans, and prohibited arbitrary dismissal of tenants (Riedinger 1995, 88). The law only provided for one year rental terms, however, and gave municipal councils the option to implement the regulations.

The RSTA proved ineffective because municipal councils were dominated by local landowners who opted not to implement the law. In this way, the RSTA demonstrates how US colonial land reform policy further shifted the balance in favor of securing landowners' property interests. Although the RSTA still intended to alleviate the poor conditions of the landless farmer, the law was careful not to impose any obligations that would jeopardize a landowner's property interest. Thus, the RSTA provided land owners the legal means to evade land reform laws.

While the PLA and FLA provided landowners an opportunity to preserve *and* expand their property, the RSTA did not require land owners to implement the land reform laws. From the outset, US colonial authorities recognized landowner's property rights as valid. When the US Congress enacted the PLA, land owners were reassured that their property interests would be unfettered because private property was categorically excluded from the homesteading provisions. By expanding the pool of potential PLA beneficiaries (in addition to the leasehold section), and including requirements of notice, possible contestation, and waiting periods, land owners and other business interests were given the opportunity to acquire more land. The FLA's subsequent passage, again excluded land owner's property from redistribution and provided yet another opportunity for landgrabbing. In effect, the RSTA was an express manifestation of the second element of the colonial land reform policy: heightened due process considerations for protecting land owner's property rights. After failing to transform public lands into small farms, US colonial authorities recognized that the next option would be to break up landed estates where agrarian rest originated. However, US colonial authorities chose to accept the skewed distribution of land, and focused instead on transforming the landlord-tenant relationship into more equitable terms. In this way, the cumulation of all three land reform laws imbedded a policy pattern based on general land entitlements to peasants, and legal safeguards for land owners' property interests.

Persistence of U.S. Land Reform

Since independence from the United States in 1946, the Philippines has implemented four land reform programs: Republic Act 1400 (R.A. 1400) under President Ramon Magsaysay in 1955; Republic Act 3844 (R.A. 3844) in 1963 under President Diosdado Macapagal; Presidential Decree 27 (PD 27) under the dictatorship of Ferdinand Marcos in 1972; and the Comprehensive Agrarian Reform Program (CARP) under President Corazon Aquino in 1987.

Each of these land reform laws has tried to implement a more progressive land reform scheme than the last, but each effort has repeatedly encountered numerous obstructions in implementation. This article argues that the reason for this is that US colonial land reform policy remains the primary strategy employed by each administration. Just as the PLA, FLA and RSTA operated under a policy based on irreconcilable principles, each land reform law in the modern period has functioned under the umbrella of general entitlements to land and heightened due process for land owners. Each new government's attempt to balance those political-economic interests is manifest in the land reform laws which purport to redistribute private and public land with extensive and costly procedures that reassure the land owner will undergo smooth transitions and receive just compensation.

The Agricultural Tenancy Act of 1954 (R.A. 1400) was a response to the Huk rebellion, an agrarian based peasant resistance against Japanese occupation during World War II. The Huk rebellion continued through the post-war period due to the prevalence of rural discontent, and peasant demands for more effective land reform. R.A. 1400 provided for the redistribution of public lands and for the expropriation of private lands exceeding 300 hectares and corporate lands exceeding 600 hectares of contiguous area. However, few land holdings were over 300 contiguous hectares and landowners evaded reform by simply breaking up their land into smaller units. Moreover, the high retention limits meant that less than two percent of the nation's agricultural land was even potentially subject to redistribution (90). The law also required that before a private estate would be subject to expropriation, a majority of the tenants on that estate would have to petition the government to initiate action. In the event that an estate was expropriated, payment was to be in cash unless the land owner chose otherwise (91).

Similar to the political pressures that faced US colonial authorities, President Magsaysay's land reform program was a direct response to the national threat of large-scale peasant unrest. However, because land owners dominated the Philippine Congress, R.A. 1400 failed to provide peasant beneficiaries with anything more than a general commitment to land entitlements. In contrast, land owners in Congress were able to utilize the same principles as those under US colonial land reform policy.²⁰ Land owners did this in a number of ways: preserving their property rights by integrating procedural barriers that put the burden of land reform on peasant initiation (e.g., tenant petitions for expropriation of private land they tilled); creating legal loopholes that would exempt most landed estates (e.g., expropriating estates which were 300 contiguous hectares); and failing to vote for adequate funding of the program as well. While land owners supported the concept of land entitlements, they deliberately created heightened protections that would prevent expropriation of their lands.

The Agricultural Land Reform Code of 1963 (R.A. 3844), intended to transform tenant farmers into land owners. R.A. 3844 provided that tenancy arrangements would become leaseholds with the guarantee of tenure and even the possibility of eventual ownership (Sinclair 1986). However, little progress was made under this program because much of the program implementation focused on the creation of institutions. R.A. 3844 provided for institutional strengthening and the establishment of agricultural support programs, such as rural credit agencies and agrarian courts, to facilitate the implementation of the land reform program. Establishment of agrarian institutions and support services also created additional procedures, and ultimately detracted from the program objective of transforming tenants into tenured leaseholders and/or owners. Five years after legislative enactment of R.A. 3844, only 15 percent of the targeted beneficiaries became lease holders, while 3.4 percent of these leasehold arrangements were officially registered (*ibid.*).

R.A. 3844 laid the foundation for the implementation of Presidential Decree, P.D. 27. By 1972, the rate of tenancy in the rice and corn lands had reached 60 percent (Harkin 1975). In response, P.D. 27 purported to reduce tenancy by directly transferring land ownership from landowners to tenant farmers. Unlike previous land reform laws, PD 27 radically ordered the emancipation of all tenants on rice and corn lands (Wurfel 1988, 24). P.D. 27 required that all tenants

whose landlords owned more than seven hectares were to be sold the land they tilled at two and a half times the average annual production, with a fifteen-year payment plan through the Land Bank. While landlords were compensated by payment of 10 percent in cash and 90 percent in Land Bank bonds, the tenant beneficiary received a Certificate of Land Transfer (CLT) (Sinclair 1986).

Under P.D. 27, tenant beneficiaries would have to show proof of membership in a village level association and current cultivation of the land in question, before obtaining his or her CLT. However, until land valuation and landowner compensation were completed, tenants were still obligated to pay rents to their landowners. A beneficiary received title to the land once he made final payment to the Land Bank (Riedinger 1995, 93).

Despite the drastic simplification of land reform under P.D. 27, peasant beneficiaries still had difficulty securing their land entitlements. This is because beneficiaries still incurred substantial costs in the transfer of title. The law did not completely sever the legal relationship between landlord and tenant so that tenants were not only paying rents while waiting for the completion of land valuation and landlord compensation, but once a beneficiary received a CLT, he was also treated as the owner of the land and therefore obligated to pay for real property taxes on the land. Due process was afforded to landlords through the land valuation process, right to compensation, and by permitting them to negotiate the land price directly with tenants (*ibid.*). Due to the tendency of landlords to manipulate tenants, it was no surprise that implementation of P.D. 27 was slow and inconsistent. Consequently, tenant beneficiaries still faced substantial barriers to securing title to land. By 1985, one report estimates that only three percent of target beneficiaries actually received land titles, while other more optimistic estimates place the figure between 13 percent and 19 percent. Thus, even under Marcos land reform was implemented under a dual policy strategy of land entitlements to peasants and procedural safeguards for land owners.²¹

The Comprehensive Agrarian Reform Program (CARP)

President Aquino renewed government commitment to land reform, making it the centerpiece of her economic development program and elevating it to the level of a constitutional right of the Filipino farmer:

The state shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farm workers, who are landless, to own directly or collectively the lands they till or in the case of farm workers, to receive a just share of the fruits thereof. To this end, the state shall encourage and undertake the just distribution of all agricultural lands (Canlas, Miranda and Putzel 1988, 46).

In 1987, President Aquino subsequently implemented the Comprehensive Agrarian Reform Program (CARP) as an integral part of the Philippine's national economic development strategy. CARP applied to all types of agricultural land, including both public and private, regardless of tenure arrangements and crops produced. The goal of CARP was to distribute 9,773,870 hectares of land to 3,713,110 total beneficiaries over a 12–25 year period (National Statistics Coordination Board). Implementation of CARP was to occur in four phases converting different types of land on a graduated basis. The first phase was to complete the implementation of P.D. 27; the second phase would convert public and private agricultural lands over fifty hectares; the third phase would convert public lands between twenty-four and fifty hectares; and the final phase would convert private lands less than twenty-four hectares (Canlas, Miranda and Putzel 1988, 52–53).

Despite its far-reaching provisions, however, CARP has encountered numerous implementation problems. In spite of the ambitious plans, however, land reform proved to be a difficult task under Aquino as well. Public faith in government credibility and capability to undertake political and economic reforms diminished. In the case of land reform, the Aquino administration was charged with incompetence and corruption. In January 1987, a peasant protest outside of Malacanang Palace ended in the killing of eighteen demonstrators. Soon after the Mendiola Massacre, CARP was formally passed as "an agriculturally based economically driven" the national economic development plan. However, peasant response to such efforts was highly critical: We assert that the framework of the government's land reform program goes against the democratic process of land ownership, protects landlord interests, and follows the same general outlines of Marcos' land reform program. We claim that it is a tool for counter-insurgency, rather than for genuine social justice. Kilusang Ng Magbubukid ng Pilipinas, Land Reform Under the Aquino Government: A Critique, KMP International Campaign Reference Material No. 2. More trouble came in 1989 when some par-

ticipants of CARP's voluntary sale arrangement for landowners were caught overpricing land sales to the government with the approval and assistance of Department of Agrarian Reform officials (Miller 1989, 1, 26).

CARP has experienced slow implementation due to extended land valuation processes, lack of guidelines for landowner compensation, landowner-tenant negotiations, lack of institutional coordination between agrarian administrative agencies, and inconsistent implementation. Such problems are no different from previous land reform programs. Moreover, owing to political pressure from both farmers and landowners, President Aquino's administration was forced to implement CARP under the same colonial policy strategy of providing general land entitlements and lengthy processes with checks and balances that ensured landowners' rights to challenge confiscation of their property. CARP would continue to implement previous land reform schemes, and also give landowners notice of projected timelines as to when their lands would be subject to expropriation. In addition, landowners would receive just compensation, while the four phase redistribution process created four categories of peasant beneficiaries who would technically acquire their land entitlement over a twenty-five year period, depending upon the type and size of land subject to redistribution. This extended time requirement, coupled with the administrative procedures relating to land acquisition and transfer, again served as transaction costs for the peasant beneficiary whose entitlement to land remains an unrealized opportunity for ownership. At the same time, landlords have ample opportunity to once again break-up their estates and stall land reform through CARP's extensive time requirements legal safeguards for the expropriation process.

By 1992, separate from the continued implementation of R.A. 1400, R.A. 3844, and P.D. 27, CARP had distributed approximately 590,000 hectares or 5.7 percent of the total target set by law (which is 10.3 million hectares); of privately owned lands, only eight percent was actually distributed.

Conclusion

US colonial policy had a profound effect on modern Philippine land reform programs. The dual land reform policy of general entitlements for peasants, and heightened due process for landowners'

property rights was based on both political pressures and ambitious expectations.

The PLA's homestead program did not create a new class of small land owners. This was due in part to complicated claims procedures and the pattern of settlement and tenancy on private agricultural estates. Clearly, throughout the US colonial period, peasants could not overcome the transaction costs of becoming beneficiaries. In contrast, land owners increased the size of their estates under both the PLA and FLA through family members' becoming beneficiaries, money lending, entering commercial leasehold arrangements, and purchases of the friar estates. Finally, the RSTA further imbedded the dual posture of US colonial land reform policy, by shifting the emphasis on due process concerns for landowners. The RSTA did this by cautiously recognizing that tenancy arrangements were valid, but attempting to assuage tensions between landlord and tenant by volunteer regulation. By pushing for the exclusion of private estates, and exercising their right to extended negotiations, delayed land transfers, and division of land among family members, land owners effectively stalled implementation of land reform and guarded against immediate expropriation efforts by the government.

The dual nature of US colonial land reform policy remains prevalent throughout the series of modern land reform programs in the Philippines. The strategy of balancing entitlements for peasants and procedural safeguards for land owners property rights has only perpetuated the cycle of agrarian unrest, economic stagnation, and periodic legislation of land reform.

Notes

1. The rural population is approximately 30.2 million, while the urban population was 17.9 million. Philippines (Philippine Development Report 1987-1992).

2. Under Spanish colonial rule, peasant uprisings occurred once every generation, mostly localized in specific towns and provinces. One author wrote: the archipelago was far from peaceful; individual attacks on Spanish priests and officials, messianic religious movements, and independent banditry interrupted the tranquility of the countryside. Finally, an organized agrarian based rebellion led to the Philippine Revolution against Spanish colonialism in 1896. American colonial authorities also found themselves containing sporadic peasant rebellions. See Eduardo Garcia (1971).

3. One of Corazon Aquino's first official acts in office was to call for ceasefire and negotiations between her government and rebel forces. Peace talks convened in 1986, but broke down in 1987 (Ferrer and Raquiza 1992). See also Diokno (1994); Gastardo-Conaco and Lee (1994).

4. See Prosterman, Temple and Hanstad (1990); Prosterman and Hanstad (1995); Radha Sinha (1984).

5. Other investments might be in the form of technological innovation in agricultural production, renting out a portion of the land, or even converting a portion of the land into an agricultural enterprise. See also Prosterman and Hanstad (1995).

6. In modern farming activities are highly mechanized. *Latifundia* refers to the servile relationship between hired labor and landowner on large estates in Latin America and Europe. Family farms are farms owned and operated by family labor. Communal farming refers to the joint ownership and operation of a plot of land. And finally, collectivized agriculture also refers to the joint ownership and operation of land, but management is by a selected committee (by the village or government) and division of output dependent upon the labor input per worker (Gillis 1992, 492-93).

7. For Ranis, Stewart and Reyes (1989, 3) linkages include geographic, infrastructural, and productive connections between agriculture, industry and services. They write: Linkages not only describe the connections between sectors which are a necessary aspect of economic growth and development—their nature and magnitude changing as development proceeds—but also that the extent and nature of these linkages materially affect the rate of growth of each sector individually and that of the economy as a whole. The strength and quality of this process of dynamic interaction, moreover, affects the regional pattern of development, the size and labor intensity of both agricultural and non-agricultural production and, through these mechanisms the distribution of income.

8. The process of economic growth along with the relationship between agricultural and non-agricultural sectors is a standard theory of economic development. Refer to Gustav Ranis' *Stages in Economic Growth* as a more general source on agriculture and economic development.

9. As pointed in a Michael Pinches article, many of the landed elite have diversified their business interests, entering into agro-industry and other manufacturing enterprises. See also Michael Pinches (1992, 90-400).

10. Due to the "concentration of industry . . . (which has been) associated with the adoption of large scale, capital intensive technologies and with a high degree of inequality in income distribution, "industrialization in the Philippines has been regionally concentrated in Luzon (the national capital region), giving the Philippines one of the highest rates of industrial concentration in the world: 2 percent of the country's industrial firms account for 85 percent of the output. Further, Ranis, Stewart and Reyes argue that regional concentration of industry and the tendency toward large-scale, capital intensive enterprises are the result of the inequalitarian nature of income and land distribution, industry-biased policies, and inadequate provision of infrastructure (110-11).

11. A 1901 Division of Insular Affairs report cautioned against any immediate redistribution of land without formal Congressional action. Until a formal land reform plan was adopted, transactions relating to the purchase or lease of land took place according to existing Civil Codes and/or as authorized by American authorities (United State War Department 1901).

12. Tobacco raising on a small scale by the natives of northern Luzon, especially the Ilocanos, is exceedingly profitable. As a homestead crop it can be encouraged without large holdings (*ibid.*).

13. Stewart writes: A family of Ilocanos lives well on eight acres of land, three of which is devoted to the raising of corn or maize for bread and five for the growing of tobacco. . . . The supply of tobacco raised on 5 acres supplies all their wants and needs (6).

14. A series of agricultural support services were also established to complement the public land act and to further stimulate agricultural production. Experimental stations, the introduction of new technology and machinery, publications such as the *Philippine Farmer*, and institutional mechanisms such as, agrarian courts, to regulate disputes were founded as part of the national agricultural development strategy (ibid.).

15. Any person may file an affidavit of contest against any homestead entry . . . alleging disqualification of the entryman, noncompliance with law as to residence or cultivation, or any other matter which, if proven, would be just cause for the cancellation of the entry, and upon successful termination of the contest, the contestant, is a qualified entryman, shall be allowed a preference right of entry for sixty days from said date (ibid.).

16. The person filing such application shall prove by two credible witnesses that he has resided upon and cultivated the land for the term of five years . . . and shall make affidavit that no part of the said land has been alienated or encumbered, and that he has borne true allegiance to the Government of the United States and that of the Philippine Islands (787).

17. Public Land Act of 1902 Chapter, "Leases of portions of the public domain."

18. Public notices regarding the intention to lease a tract of land were to run for a period of thirty one days in the local English and Spanish newspapers (or in the case of weekly publications, announcements were to be published in five consecutive issues) where the proposed land was located. Upon publishing an intention to lease a tract of land, the prospective lessee was required to file a copy of the notice at the same date with the provincial secretary and municipal president in which the land was located.

19. The public announcement declared the urgency of the situation: It is the purpose of the *Philippine Farmer* to work for progress and improvement in Philippine agriculture. We have a country that is rich in natural resources, but poor in the results that are obtained. Our principal industry is the production of food, and yet we import more than 30,000,000 pesos worth of food every year. We grow splendid fiber, sugar, copra and tobacco, and then spoil the product by poor methods of preparation. These are problems which the Philippine farmer must solve. These are the matters which will determine the future of this country (United States War Department 1915).

20. Land owners identified themselves as concerned with improving peasant welfare but argued that subdivision of large estates would cause production to decline, thereby worsening peasant and national welfare (Riedinger 1995, 89).

21. In this regard, political analyses of the Marcos period indicate that only certain land holding elites who posed a threat to his regime were subject to having their lands expropriated. Thus for example, the Aquino family holdings were among the first to be expropriated (Riedinger 1995, 94).

References

- Agoncillo, Teodoro and Milagros C. Guerrero. 1973. *A history of the Filipino people*. Quezon City: R. P. Garcia.
- Bauzon, Leslie. 1965. Philippine agrarian reform 1880-1965. Occasional Paper no.31.
- Canlas, Mamerto, Mariano Miranda Jr. and James Putzel. 1988. *Land, poverty and politics in the Philippines*. Quezon City: Claretian Publication.
- Cornista, Luzviminda B. The comprehensive agrarian reform program: An analysis of its policies and processes. *Philippine Journal of Public Administration* 32:310.
- Corpuz, Onofre D. 1965. *The Philippines*. Englewood Cliffs, N.J.: Prentice-Hall.
- Cruz, Romeo V. 1974. *America's colonial desk and the Philippines 1898-1934*. Quezon City: University of the Philippines Press.
- Diokno, Maria Serena I. 1994. *The 1986-1987 peace talks: A reportage of contention*. Conflict, Resolution and Human Rights Research Reports no.3. Quezon City: University of the Philippines Center for Integrative and Development Studies.
- Ferrer, Miriam C. and Antoinette Raquiza, eds. 1992. *Motions for peace: A summary of events related to negotiations with the Communist insurgency 1986-1992*. Metro Manila: Coalition for Peace.
- Garcia, Eduardo. 1971. *The Huks: Philippine agrarian society in revolt*.
- Garcia, Eduardo and Carol Hernandez, eds. 1989. *Waging peace in the Philippines*. Quezon City.
- Gastardo-Conaco, Ma. Cecilia and Zosimo Lee. 1994. *Peace Zones in the Philippines* no.2. University of the Philippines.
- Gillis, Malcolm et al. 1992. *Economics and development*. 3rd ed.
- Harkin, Duncan. 1975. *Philippine agrarian reform in the perspective of three years of martial Law*.
- Hayami, Yujiro, Ma. Agnes R. Quisumbing and Lourdes Adriano. 1990. *Toward an alternative land-reform paradigm*. Quezon City: Ateneo de Manila University Press.
- Miller, Matt. 1989. Corruption is bringing Manila's land reform program to a near halt. *Asian Wall Street Journal* (July):1, 26.
- National Economic Development Authority. 1993. *Philippine development*. July-August.
- Ofreneo, Rene E. 1980. *Capitalism in Philippine agriculture*. Quezon City: Foundation for Nationalist Studies.
- Philippine development report 1987-1992*. 1992. Manila.
- Pinches, Michael. 1992. The Philippines: The regional exception. *The Pacific Review* 5: 390-400.
- Prosterman, Roy L., Mary Temple and Tim N. Hanstad. 1990. *Agrarian reform and grassroots development*.

- Prosterman, Roy L. and Tim N. Hanstad. 1995. *Land reform neglected yet essential*. Rural Development Institute Reports on Foreign Aid and Development 87.
- Public Land Act. 1902.
- Ranis, Gustav, Frances Stewart and Edna A. Reyes. 1989. *Linkages in development. A Philippine case study*. Working Paper Series no. 89-02. Philippine Institute for Development Studies, January.
- Reidinger, Jeffrey M. 1995. *Agrarian reform in the Philippines*.
- Roth, David M. 1977. *The friar estates of the Philippines*.
- Schwalbenberg, Henry M. 1989. Class conflict and economic stagnation in the Philippines 1950-72. *Philippine Studies* 37:440.
- Sinclair, John D. 1986. Land reform legislation in the Philippines. Special paper for Prof. Roy Prosterman, 12 June.
- Sinha, Radha. 1984. *Landlessness: A growing problem*. Food and Agriculture Organization of the United Nations.
- United States. 1908. Agricultural conditions in the Philippine Islands. Report of Alonzo H. Stewart to the U.S. Secretary of Agriculture. Congressional Document no. 535.
- . War Department: Bureau of Insular Affairs. 1901. General information relating to the Philippine Islands: Agriculture and stock raising.
- . War Department: Bureau of Insular Affairs. 1907. Agriculture in the Philippines: Bulletins and circulars. Washington: G.P.O.
- . War Department: Bureau of Insular Affairs. 1912. Report of Professor C.V. Piper to Brig. Gen. C.R. Edwards.
- . War Department: Bureau of Insular Affairs. 1915. The Philippine farmer, 15 January.
- Valdepeñas Jr., Vicente B. 1977. *The emergence of the Philippine economy*. Manila: Papyrus Press.
- Villegas, Bernardo. 1988. *The Philippines at the crossroads: Some visions for the nation*. Center for Research and Communication.
- Wurfel, David. 1988. *Filipino politics: Development and decay*. Quezon City: Ateneo de Manila University Press.
- Zafra, Nicolas. 1967. *Philippine history through selected sources*. Quezon City: Alemar-Phoenix Publishing House.